

# EXHIBIT MM

Daniel Kuhn, *Most Influential 2021: Do Kwon*,  
CoinDesk, December 10, 2021.

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Features

Most Influential 2021: Do Kwon










shows just how important decentralization is.

By Daniel Kuhn

 Dec 10, 2021 at 1:15 p.m. CST

Updated Mar 6, 2023 at 9:04 a.m. CST

 Layer 2



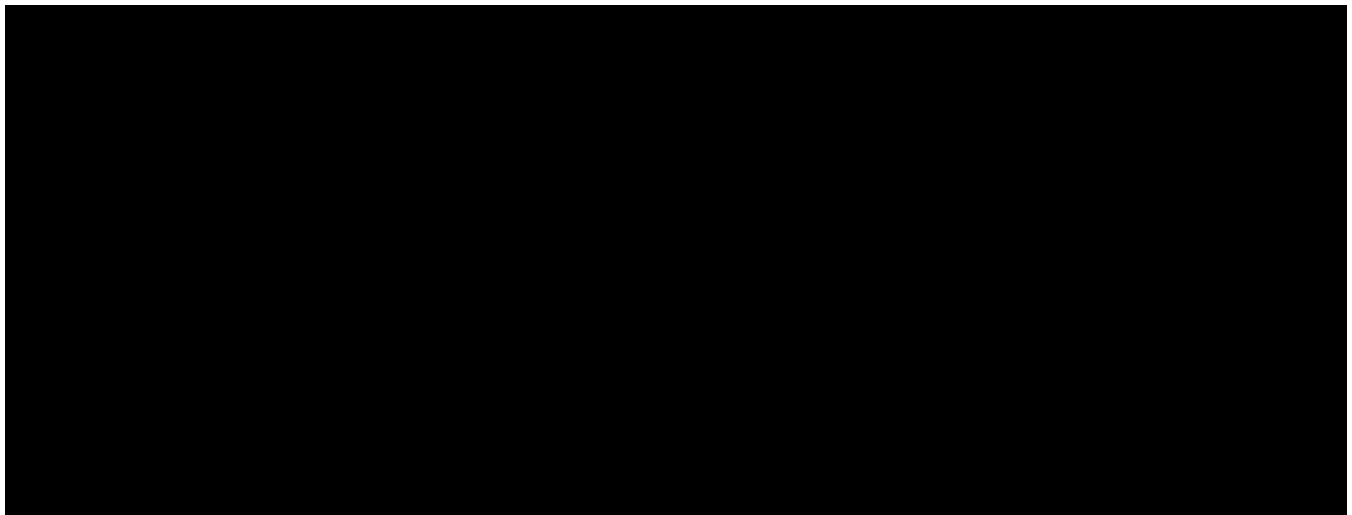
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**Secure Your Seat**

Do Kwon, the 29-year-old founder of Terraform Labs, was running late. Being subpoenaed by a hired hand of the U.S. Securities and Exchange Commission (SEC) didn't help – not that he knew what was coming. Due to appear on stage at any minute at Mainnet 2021, a major cryptocurrency conference in New York City, a process server slipped him a manilla folder, which he accepted unthinkingly, he said. He threw it in his backpack, got on stage and forgot about it.

He still hasn't read the document, now in his lawyer's possession, Kwon told CoinDesk in an interview in November. "I didn't read the press release, but it seemed like they were talking about MIR or something like that," he said, with practiced nonchalance. He's referring to the mirror token (MIR), an asset he helped design that's used on the platform of that same name.

*This article is part of CoinDesk's **Most Influential 2021 list**. **Jake the Degen's** portrait of Do Kwon is currently up for **private auction**, with a portion of the proceeds going to the **Chicago Community Bond Fund** through **The Giving Block**.*





The Mirror Protocol, indeed the project in the SEC's sights, makes it easy to create and trade synthetic versions of other assets – like highly regulated U.S. stocks – without restriction. The SEC is investigating whether Mirror falls afoul of the law for just that reason: enabling the sale of unregistered securities. It's a serious offense, but hardly rare in crypto.

“When I’m trying to launch things, my primary area of interest isn’t what the state would appreciate,” Kwon said. A Korean national, who spent years in Canada and graduated with a bachelor’s degree in computer science from Stanford University in California, Kwon is committed to the global aspirations of cryptocurrency. He’s rarely clear about his political leanings, but likes the practical and material effects crypto can bring about.

Mirror is just a small part of a constellation of apps forming around Terra, a base layer blockchain Kwon’s team is building out. Like other expansive crypto projects, the so-named Terranauts’ lodestar is to improve financial access – bar none – using open platforms.

But Terra is different in that it’s a fully-fledged, self-contained (yet open-source) alternative financial ecosystem shipped almost entirely by Terraform Labs. In the world of decentralized finance (DeFi), there are alternative banks, credit systems, insurers and the like. Terra has all that too, just built around its unique financial instrument called UST, a stablecoin that maintains a peg to the U.S. dollar using an algorithm (as opposed to other stablecoins that maintain reserves corresponding to the tokens).

By all accounts, Terraform Labs has done the improbable. Stablecoins, a cornerstone of the emergent crypto economy, are a type of digital asset that retains the open-access ethos of bitcoin, without the volatility, in theory. But in seeking to do away with price fluctuations, most stablecoins today are managed by corporations or consortia, like Tether or Circle, with the ability to censor and reverse transactions. Terra takes a decentralized approach, which has seemed to pay off where many other “algorithmic stablecoins” have crashed and burned.

*Jake the Degen’s portrait of Do Kwon is currently up for private auction, with a portion of the proceeds going to the Chicago Community Bond Fund through The Giving Block.*

A fully open financial system needs to start with fully censorship-resistant money, Kwon said. So far it’s paid off: UST is now the fifth-largest stablecoin and growing. Because it doesn’t require fiat-backing, Terra is also able to easily spin out tokens that track major currencies like euros and Japanese yen. But even in crypto, greenbacks rule. Apart from crypto-to-crypto trading, most economic activity in the subsector is quoted in U.S. dollars. And so UST is Terra’s largest coin. When I started researching this story, UST was worth some \$6 billion. Less than a month later it’s above \$8 billion. Money is a technology, Kwon said, and it could be improved.

“We think that decentralized stablecoins should replace tether,” Kwon said, referring to the current market leader. But a decentralized stablecoin has implications for the world outside crypto – and the project’s success requires playing fast and loose with current laws and norms, he said. “What we do pay attention to are things like, ‘is what we’re doing something that is net positive to users of financial applications? is this more helpful to the formation of, let’s say, fair markets?’” Kwon said.

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Those are questions that once may have been the sole remit of securities regulators, whose purpose is to maintain the integrity of markets, to answer. But we live in the crypto age, where people like Kwon can have their say. When anyone can build and ship a protocol that, once released, has a legitimate shot at taking on a life of its own among a group of contributors – who are motivated to use and maintain a bit of code that literally prints money – do the regulators still matter?

The SEC, under new management, is taking a more aggressive stance against the crypto industry this year. [Chairman Gary Gensler](#) has said that the majority of crypto tokens are likely securities, and therefore the agency's responsibility. He's also invited founders of crypto firms to discuss their platforms and ambitions – a process that Terra has engaged in.

As part of [its subpoena](#), the financial watchdog demands that Kwon and Terraform turn over documents and provide testimony related to a platform that, by design, doesn't collect customer information or set limits around who can access it. In an hours-long, in-person meeting before any paperwork was filed, federal agents allegedly asked for data about who owns MIR tokens and who uses Mirror.

"We don't have that information," Kwon said. He added that the agency was [confusing Mirror with a traditional company](#), rather than a free software project. "I don't think people believe us," he said. The agency said Kwon has deliberately stymied their inquiry.



“We have limited visibility into, like, what exactly they’re thinking here,” Kwon said. This isn’t just dismissive swagger. Last month, he and Terraform sued the SEC for “failure to follow its own rules,” their lawsuit read, when serving Kwon at the highly trafficked crypto conference held at a Times Square hotel. Although Terra’s subpoena is mostly focused on procedural issues – never calling into question the long arm of U.S. law, just how clumsy it can be – Kwon seems prepared to make a larger statement.

“If we really are fighting for a revolution, I think for people at the vanguard it is incumbent on us to make sure that we speak out, make sure that the views of the industry are heard,” Kwon said. The experience working with and now resisting the SEC has been edifying (even if Kwon claims not to have read their paperwork), if only because it has made him realize the gravity behind Terra.

## Real solutions

The son of a pharmaceutical and medical equipment distributor, Kwon grew up traveling the world. He was a “nerd,” as a teenager, but “not nerdy,” he said. He liked reading, especially theoretical works, but didn’t get to “The Fountainhead” or “Atlas Shrugged” until college, when he roomed with the president of the Ayn Rand Society. He’s smart. He takes cues from other Silicon Valley visionaries, and mostly wears black t-shirts. After five years at Stanford, he took a software engineering job at Microsoft. He quickly got bored.



His first company, Anyfi, was founded in 2016 to solve a “real problem.” It used a mesh network to relay bandwidth to those without internet access. Kwon raised \$1 million in grants from angel investors and the South Korean government. It was through experimenting with this distributed network that he first started learning about cryptocurrency. In 2017, seeing the crypto market explode in value without actually providing “real use,” he decided to mend the gap.

Together with a college friend Nicholas Platias, Kwon wrote an initial white paper for a decentralized payments system that would make sense to an average person. The idea was to have a stable currency, pegged to fiat, that could be used by anyone, anywhere on or offline. It's the type of project that could have gone nowhere – a flash of brilliance, or desperation, from a two-man team living off ramen and jumping from Airbnb to Airbnb in Seoul, South Korea – had it not been for a fortunate encounter with Daniel Shin.

Shin, a co-founder of Ticket Monster, is a legendary figure in the Korean tech scene. His e-commerce site was founded in 2010 with just a 5 million won annual budget, and quickly grew into one of the nation's largest internet companies. By the time he met Kwon, his career was in its second act. He had sold Ticket Monster, and was looking for the next wave of Korean tech businesses to advise and invest in.

***Read More: [LUNA Hits All-Time High as Terra Community Passes Popular Burn Proposal](#)***

He saw in Kwon a kindred spirit. Just as Kwon became disillusioned by the world of big tech, Shin had direct experience with how the online-payments space is filled with rent-seekers, or those whose minor technological innovations are underdone by profit-seeking. A decentralized solution would not only be fairer, but more useful.

Terraform Labs incorporated in early 2018 to oversee the development of a new e-commerce platform called Chai. Unlike many payments apps, like Stripe, Chai would be built from the ground up using cryptocurrency infrastructure. Initially focused on the Asian market, it was a product created with the world in mind: being able to accept payment in any fiat money, convert to stablecoins and pay out vendors in the local currency. Terraform chose not to make money from transactions using its UST stablecoin, instead relying on outside funding to build something like a “digital commons,” Kwon said.

For consumers, Chai functions like a neo-bank, able to plug into their existing accounts – including debit and credit cards, digital wallets, wires and PayPal – to make online shopping easier. For merchants it is a quicker, cheaper settlement layer. Crucially, neither side needs to know they’re interacting with a blockchain. “What’s so striking about Chai is its ability to bring people into the Web 3 economy without them knowing it,” tech writer and former venture capitalist Mario Gabriele wrote in his SubStack [The Generalist](#).

***Jake the Degen’s portrait of Do Kwon is currently up for [private auction](#), with a portion of the proceeds going to the [Chicago Community Bond Fund](#) through [The Giving Block](#).***

Shin’s tech contacts helped Terra find an impressive roster of early clients. When the company was looking to raise capital, they were able to point to 15 established Asian e-commerce businesses actually using the tool. They signed up hospitals and delivery services and started marketing their “solution” as “Alipay on the blockchain,” referencing the dominant payments app in China built by Alibaba. By the end of the year, the team raised \$32 million from leading cryptocurrency exchanges Binance, OKEx and Huobi and TechCrunch founder Michael Arrington, among others.

Chai has since spun out from Terraform Labs, an early example of the quasi startup incubator's ability to code projects and release them into the world. It has thousands of merchant users, including Korea-based arms of Nike and Philip Morris. In 2020, it even raised its own venture funding independent of Terraform, in a round led by Hanwha Investment & Securities with participation from SoftBank Ventures Asia.

Kwon said he retains an advisory role in Chai, but isn't involved day-to-day in the company. It's a remarkable departure from just three years ago, when Chai was almost a singular vision. At a CNBC business conference in 2018, Kwon spoke about the payments app using language familiar to any tech founder, discussing "the next country," "next hospital" it would "integrate" with. "Korea runs on Terra," he said, because Koreans were using Chai.

Over time, he said, he's become "more and more scoped out," less focused on single products than an overall economy that works for more than just one company. "From a decentralization perspective, we [at Terraform] try to build as quickly as possible. But to the confusion of many observers, we don't take an ownership stake," Kwon said.

"It gives you a lot of freedom in terms of what you can build if you don't plan to own these things," he said.

## Better money?

Mirror, the Robinhood-like synthetics-trading tool under SEC investigation, launched as the new year was beginning. It came just months after Terraform collaborated with Cosmos, Web3 Foundation and Solana on Anchor, a sort of **savings platform**. Throughout 2021, Terraform has kept pace with this development schedule, pushing out a new platform or upgrade every few months. Every tool is a way to make UST a “superior form” of money, Kwon said.



"It just offers a fundamentally better experience that other money is lacking right now," Kwon said. U.S. dollars may be an effective medium of exchange and a store of value, but in the fiat financial system it's hard to find returns. There are limits around what you can do with your dollars, and inflation is bleeding a hole in your wallet.

UST's value comes from the applications that are built around it. Terraform is incentivizing adoption of its stablecoin by building a suite of use cases. There's Anchor, the bank-like platform, which offers users 20% returns on their savings. It's open source, so other crypto wallets can add "savings-as-a-service" to their products. At launch, Kwon compared it to Alipay, which saw success by providing users a better savings rate if they held cash in their mobile app. People come for the high yield and stay because UST is more usable money.

But there's also Prism, a type of yield generator for interest rate swaps; Ozone, an insurance product for the Terra ecosystem to protect against risks of novel DeFi systems; and Astroport, a decentralized exchange like Uniswap for Terra. Then Mirror, which gives people 24/7 access to "one of the most attractive investments" – U.S. equities. Instead of buying Alibaba shares directly, you take on exposure through mBABA.

***Read More: [Crypto VC Chiron Raises \\$50M to Invest in Terra Ecosystem as LUNA Stays Hot](#)***

"Mirror protocol is controversial. I'll say that, right?" Kwon said. "There are pros and cons of taking an industry that was fairly regulated and opening that up to be freely tradable. You basically remove those like checks and balances and barriers." While this might open the door to nefarious actors, like insider traders looking to cash in on nonpublic news without divulging their identity, Mirror – and its sister applications – allow people in "Malaysia that can't travel to Kuala Lumpur" to access essential financial services. "So, ups and downs," Kwon said.

Most of these tools connect to one another – creating a full-service financial system. But Terraform has also worked to bridge its tools to the surrounding crypto ecosystem. A recent update called "Columbus-5" will help bridge these tools to other blockchains. While the Mars Protocol, built alongside Delphi Labs, IDEO CoLab and others, promises an "interchain lending platform." A recent **\$150 million capital injunction** for protocol development from Arrington Capital, Galaxy Digital and Hashed means more playthings are coming down the pike.

It's a development schedule that has earned Kwon some comparisons to autocratic leaders like Steve Jobs. On Twitter he's sometimes seen directing his employees to push out a product over the weekend. Some criticize him for performativity, aping the techno-utopian, pro-markets Silicon Valley founder style. "If by capitalist you mean somebody that has access to lots of capital and uses it to gain strategic games then I would say, you know, almost by accident, I have lots of capital," Kwon responded.

The aim is to have Terra become the dominant smart contract blockchain, and have its tools implemented wherever "there happens to be developer and user activity." That means tools need to be built. But Kwon thinks this strategy can only go so far. He thinks of Terraform Labs as "a transient aberration." Eventually the plan is to transition into a DAO-like model, or a decentralized autonomous organization, where users have control.

That's a hard jump to make, but not impossible. And Terraform Labs does build things with that eventuality in mind. Kwon said platforms like Mirror and Anchor, which have individual governance tokens, are "fair launched," meaning Terraform doesn't keep "equity or ownership" in them. "We've built an ecosystem that was, you know, built by us but not necessarily owned by us," he said.

## Decentralize or bust



Obviously there are risks to Kwon's strategy. The money at the center of the Terra universe – an algorithmic stablecoin – could fly out of orbit. It's happened to plenty of other currencies that try to maintain stability without centralized control. So far, its two-token model, which uses a free-floating asset called luna that is either burned or minted to nudge UST back towards equilibrium, seems to work.

Then there are the regulatory risks. Mirror is being called into question, but Kwon admits "the state" probably isn't too thrilled about the idea of a decentralized dollar. The catch being, if Terra works like he wants it to, there would be nothing governments or corporations can do. Terra is already integrated within one of Korea's largest payments apps, Chai, and could become systemically important elsewhere.

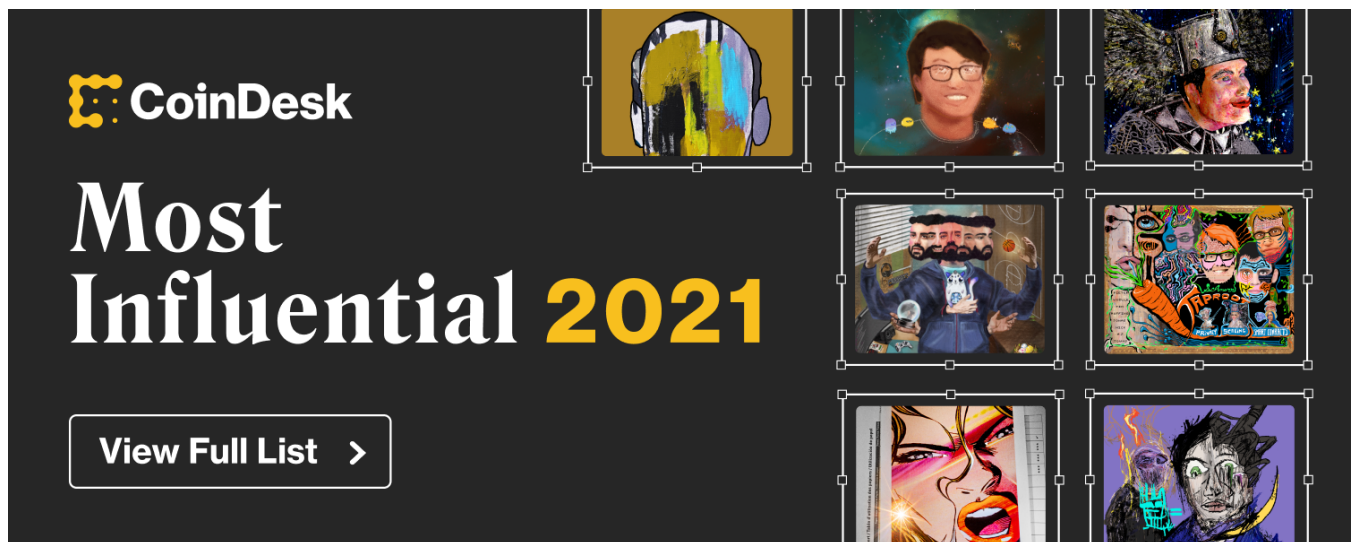
For all the vim and vigor, Kwon is still realistic. "If you're trying to build, you know, networks and systems at scale, having to deal with regulators is, you know, just the reality," he said. "Regulatory pressure is, yes, an inconvenience. But it helps us determine what actually makes sense and what doesn't."

He thinks back to the 2018 initial coin offering (ICO) boom that brought him into the industry. Most of those projects were centralized institutions masquerading as protocols. "It was quite terrible," he said. To the extent that regulation helps flush these actors out, leaving only the resilient, the truly distributed, state financial actors are "worthwhile." They can have their say.

"Centralized entities are bound to fail at some point," Kwon said. Terraform Labs had an impressive 2021, but it remains an open question whether it can move on to its next phase and truly let its tools exist on their own. If that happens, then a subpoena really isn't anything to pay attention to.

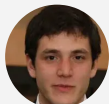
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